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ASCS BACKGROUND INFORMATION

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THE CONSERVATION RESERVE PROGRAM

Legislative History: The Soil Bank Act, Title I of the Agricultural Act of 1956, was initiated in 1956 to reduce production, to promote conservation, and to protect farm income by payments to cooperators for withholding cropland from production and diversion of acreage to other uses.

The Soil Bank had two parts: (1) the Acreage Reserve, an annual agreement program to reduce production of the basic crops immediately by dropping acreages below established allotments and (2) the Conservation Reserve, a long-term (3, 5 or 10 years) contractual program to take general cropland out of production and put it to conservation uses.

A total of \$750 million was set in the Act for any one year's operation of the Acreage Reserve Program (ARP), with specific annual fund ceilings imposed for the designated allotment crops in surplus. The Acreage Reserve Program was operative in 1956, 1957, and 1958, and then discontinued.

The Conservation Reserve Program (CRP), with the long-term contracts entered into through 1960, had a limitation of \$450 million each calendar year.

The Soil Bank Act was repealed by section 601 of the Food and Agriculture Act of 1965 (P.L. 89-321). However, Conservation Reserve contracts entered into through 1960 were to remain in effect until they expired.

The Conservation Reserve Program (operated on a liquidation basis since 1960) for all practical purposes phased out in 1969, with 3.3 million acres released from contracts. Acreage to be released as of December 31, 1970 totaled about 66,000 acres; about 7,500 acres in 1971, and about 700 acres in 1972.

In its peak year (1960) the CRP had agreements in effect for the diversion of 28.7 million acres.

Program Activities: All land used regularly to grow crops, including land in crops not requiring tillage, such as tame hay, was eligible for the Conservation Reserve. Farmers entered into contracts for 3, 5 or 10 years.

They agreed to keep land placed in the program out of production for the duration of the contract and to reduce the total acreage of crops grown on their farms by the acreage put in the program. They also agreed to establish a permanent vegetative or woody cover for soil protection, or a water-storage facility if an acceptable vegetative cover did not exist.

If the land already had suitable cover, contracts could be for 3 years; otherwise, they had to run for 5 or 10 years. When trees were planted for cover, contracts had to be for 10 years.

Farm operators and owners received two kinds of payments: (1) Annual per acre rental payments each year of the contract and (2) cost-sharing payments for carrying out conservation measures in the year these measures were undertaken. Cost-sharing payments were made for establishing cover crops where needed; for planting trees; for building dams, pits, or ponds to protect cover crops or store water, and for protecting wildlife through cover, shallow flooding of cropland for wildlife, water and marsh management, or dam and pond construction on land placed in the program.

Rental payments were at two rates. A regular or diversion rate was paid for reductions in acreages of Soil Bank base crops. These were cultivated crops, grains, and most other crops except those harvested for hay or forage. A nondiversion rental payment was made for reduction in eligible cropland in excess of the Soil Bank base.

The basic regular or diversion rate averaged \$10 per acre for the country as a whole in 1956, 1957, and 1958. In 1956 and 1957, the non-diversion rental rate was 30 percent of the regular rate, or \$3 per acre. Basic annual payment rates varied among States.

State committees could vary payment rates by counties based on differences in land values, prevailing land rents, and land productivity. They could also establish different payment rates to take into account differences in soil productivity and other conditions among farms within counties.

Changes were made in provisions pertaining to nondiversion rental rates in 1958 to encourage more farm owners and operators to participate with whole-farm units and to encourage participation by farmers who desired emphasis on forestry and wildlife practices.

In 1957, farmers with a Soil Bank base of 30 acres or less could put any part of this acreage in the program at the regular diversion rate and any part of their remaining cropland at the nondiversion rate. But farmers with a Soil Bank base of more than 30 acres were required to put all of this acreage in the program before they could put in any land at the nondiversion rate.

In 1958, however, a farmer with a Soil Bank base of more than 30 acres was permitted to put land in the Conservation Reserve at the non-diversion rate, up to the number of acres he put in at the regular rate.

In 1958, also, county committees were authorized to raise the non-diversion payment rate to 50 percent of the regular rate, when all eligible land on a farm was placed in the Conservation Reserve, or when any land placed in the program was planted to forest trees.

County committees also were authorized to raise the nondiversion payment rate when all of the eligible land on a farm was placed in the program and planted to forest trees.

In 1956 and 1957, payments could be made to cover up to 80 percent of the cost to farmers of establishing conservation practices on land put in the program. However, after 1958, practice payments were the same as those under the Agricultural Conservation Program, wherever the latter were at a level lower than 80 percent of cost.

What generally became known as the experimental bid program was also in effect in 1958. Early in 1958, farmers in Maine, Illinois, Nebraska, and Tennessee were invited to make bids or offers to put all eligible land on their farms in the Conservation Reserve for not less than 5 or more than 10 years.

Farm owners indicated on application forms the annual rental rates they would accept, the number of eligible acres on their farms, the length of contract requested, and acreages and yields of crops grown in the last few years, together with other information.

County committees made productivity ratings for farms for which bids were received. These ratings were based on a number of considerations -- including yields, kind of soil, location of the farm, and improvements on the land. County committees had no knowledge of the bid rates submitted by farmers when these productivity ratings were made. Productivity ratings were expressed as percentages of the county average.

Bid rates submitted for individual farms were then divided by productivity ratings to obtain adjusted bid rates. These adjusted bids were arrayed from the lowest to the highest. However, only in Maine were any of these bids accepted. In this State, nearly a fourth were accepted.

Farm owners whose bids were not accepted were eligible to put crop-land in the regular program in 1958, and many did so.

Major changes in program provisions were made beginning in 1959, after the Acreage Reserve Program was discontinued, to encourage farm owners to place relatively high-yielding land in the Conservation Reserve and to make participation of whole farm units more attractive.

The national basic annual rental rate was increased to \$13.50 per acre, or by 35 percent. Farm owners who agreed to put all eligible land on their farms in the program could earn the regular or diversion rate plus 10 percent for all eligible acres, provided the contract period was for not less than 5 years.

In 1959, also, county committees established what were called maximum annual payment rates for land on applicants' farms. These maximum rates could vary from 50 percent below to 50 percent above the county average annual basic payment rate, depending upon productivity, usual rental rates, and market value of land on individual farms. However, they could not exceed 20 percent of the estimated value of the land or \$25 per acre, whichever was lower.

Farm operators or owners who made applications were notified of the maximum payment or rental rate established for their farms. They could then offer eligible land at less than these maximum rates if they wanted to gain additional assurances that their land would be accepted.

It was explained to farmers that if applications were larger than could be accepted with available funds, those who offered their land at the lowest rates relative to maximum rates established for their farms would be accepted first. More than 51 percent of the land offered was at rates lower than the maximums established.

Program provisions in 1960 were similar in most respects to those in 1959. However, additional restrictions on eligible land were established.

Lands owned by State, county, town, or local units of government, or by certain clubs and associations were not eligible.

Farms that had been operated by or with tenants in 1958 and 1959 were not eligible, unless the contract designated tenants to share in the annual payment.

Farms that were idle in both 1958 and 1959 were not eligible unless the farm was idle as the reslut of a Conservation Reserve contract or acreage reserve agreement.

Land that had been rented for cash or for a fixed amount of a commodity could not be approved for contract at an annual rate higher than the rent per acre paid for the land.

In addition, a change in method of approving contracts was made. Applications for contracts were not accepted unless the payment rate per acre offered by the applicant was below the basic rate (or what had been referred to above as the maximum rate) established by the county committee for the land offered. This provision was designed to help obtain as much participation as possible from limited program funds and to make known the competitive bidding feature of the program.

Minimum limits on the amount of acreage that farmers could place in the Conservation Reserve Program were: 5 acres if approved cover was on the land or was to be established, and 2 acres if trees were to be planted. However, in counties where the tillable land on farms was small, State ASC committees could approve a lower minimum acreage, at least 1 acre, for the Conservation Reserve.

Total annual payment to any farm producer in any year was limited to \$5,000, no matter how many of his farms had Conservation Reserve land.

Program Highlights: During the 1960 crop season, approximately 306,000 Conservation Reserve contracts were in effect, covering about 28.7 million acres of cropland in all States except Alaska, Hawaii, and Nevada. This was about 6 percent of all U.S. cropland as shown in the 1954 Census of Agriculture. Approximately 6.2 million of these acres were under contract for the first time in 1960. The rest was acreage which was placed in the program in earlier years and remained under contract in 1960. The average annual rental was \$11.85 per acre.

Of the acreage in the Reserve in 1960, a sample survey indicated that 4.5 million acres were formerly devoted to corn, 4 million acres to oats, 3.8 million acres to grain sorghums, 3 million acres to wheat, and about 11 million acres to other crops, hay, and pasture.

About 70 percent of all the cropland in the Conservation Reserve was in the form of whole-farm units. A special incentive was offered for this type of contract, since it removed the entire production potential of the farm and left no land for more intensive farming. A farmer who placed all his cropland in the Conservation Reserve could continue to live on the farm, maintain a home garden, and use the permanent pasture and

orchard land.

Grass cover was the most popular of the conservation practices carried out on Conservation Reserve land, especially in the Great Plains States. In this area, the program stimulated the return to grass of vast areas of dryland planted to grain under wartime needs.

More than 2 million acres of the 1956-60 Conservation Reserve acreage were planted to forest trees. Tree-planting contracts were for the full 10-year period. When cropland goes out of production and is planted to trees, it is likely to remain out of production for a long period of time, perhaps permanently. Those acres remaining in the program after 1969 are for this type of contract, with time extension given because trees could not initially be planted due to weather conditions or because seedlings were not available.

Some practices were designed especially for wildlife protection. More than 300,000 acres of the 1956-60 Conservation Reserve acreage were devoted to wildlife cover and water impoundments for wildlife.

The estimated acreage of cover initially established in the CRP is as follows:

Permanent vegetative cover.....	18,439,000 acres
Tree cover.....	2,155,000 acres
Wildlife cover.....	311,000 acres
Dams and ponds (6,603 structures).....	14,000 acres
Marsh management.....	10,000 acres

The acreage released from contracts from 1961 through program termination in 1972 totals 28.7 million acres.

During this period, the peak release years were 1963, when 6.8 million acres left the program; 1964, with 3.5 million acres out; 1968, with 5.9 million acres out, and 1969, with 3.3 million acres out.

The years with the highest number of farms holding CRP contracts were in 1960, with 306,186 farms (in 2,874 counties), and 1961 with 303,413 farms (in 2,874 counties).

The average rental rate per acre under contract from 1956 through 1972 contracts was \$11.06, with the highest average rate in 1962 (\$12.06) and 1963 (\$12.19), and the lowest average rates the first three years of the program (\$8.68, \$8.84, and \$8.87).

Contracts, acreage and amount of rental obligation on land released from agricultural production (Data shown is as of January 1 for each year)

Item	Unit	1956-68	1969	1970	1971	1972
Contract in effect.....	Number	*306,186	34,922	1,946	198	7
Acreage under contract.....	Acres	*28,660,679	3,378,116	74,919	8,202	704
Annual rental obligation (cum. thru 1968).....	Dollars	#2,437,146,580	39,918,151	850,520	88,814	8,271
Acreage to be released (as of December 31).	Acres	+25,282,563	3,303,197	66,717	7,498	704

- * This figure represents contracts and acreages in effect at peak of program in 1960.
- # Does not reflect payments made due to reductions for authorized haying and grazing.
- + Total acres released from contract as of December 31, 1968.

Estimated composition of cropland placed under
conservation reserve contracts, 1956-1960

Crop	Acreage under agreement	Portion of total
	<u>1,000 Acres</u>	<u>Percent</u>
Food Grains		
Wheat	3,183	11.1
Rice	7	<u>1/</u>
Rye	886	3.1
Feed Grains		
Corn	3,662	12.8
Barley	1,368	4.8
Grain Sorghum	3,964	13.8
Oats	3,956	13.8
Oilseeds		
Soybeans	1,078	3.8
Peanuts	132	.5
Other		
Cotton	683	2.4
Tobacco	11	<u>1/</u>
Potatoes	35	.1
Hay and Misc.	9,696	33.8
Total	28,661	100.0

1/ Less than .05 percent.

Conservation Reserve: Acreage Diverted (Crop Year) and Payments by Fiscal Year for Crop Years, 1956-72

Year	Acreage in Program (1,000 acres)	Total Payments (Fiscal Year)
1956	1,429	
1957	6,427	\$ 18,547,355
1958	9,887	94,925,095
1959	22,464	141,888,534
1960	28,661	306,135,728
1961	28,512	350,538,839
1962	25,805	332,684,399
1963	24,256	305,959,063
1964	17,437	289,948,396
1965	13,981	193,712,165
1966	13,209	150,980,751
1967	10,979	140,734,508
1968	9,244	121,801,612
1969	3,413	106,733,103
1970	71	38,620,111
1971	7	891,000
1972	1	89,000
1973		8,000
	Total	\$2,594,197,659

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